

Tough economy curbs clean energy investment: experts

January 17 2012, by Ali Khalil



Sheep graze under wind turbines at Te Apiti wind farm in Manawatu Gorge, 10 kilometres from the city of Palmerston North, 2011. Experts warned that a global economic slowdown and the eurozone debt crisis have curbed government investment in renewable energy.

A global economic slowdown and the eurozone debt crisis have curbed government investment in renewable energy, experts warned Tuesday.

"There are already some signs that government support may be slowing down in Europe," chief economist at the [International Energy Agency](#), Fatih Birol, warned participants in the World Future [Energy Summit](#) in Abu Dhabi.

Birol named Germany and Spain as countries that have where support for renewables has apparently declined.

He said that although the renewable energy sector was continuing to grow, its expansion was "far slower" than it should be to meet demand.

"The energy sector needs long-term planning," he said, arguing that "it would be a pity" if governments fail to fully support the development of renewables.

The IEA, which promotes stable energy supply among its 28 developed nation members, in November issued a report saying that if governments implemented promised policy changes, the proportion of energy generated from renewable sources would increase from 13 percent to 18 percent by 2035.

The percentage of primary energy generated from fossil fuels worldwide would also fall to 75 percent from the current 81 percent level, it said.

Jacob Wallenberg, chairman of Sweden's Investor AB, also lamented the economic slowdown's impact on renewable [energy investment](#).

"Economic difficulties have contributed to diverting investments away from renewables," he told the summit.

The European Union is battling a two-year-old [debt crisis](#) that has prompted Standard and Poor's to cut the credit ratings of nine eurozone economies and the EU's bailout fund, the European Financial Stability Facility (EFSF).

But other experts and officials argued that developing countries have boosted [investment](#) in renewables as more advanced economies have cut back.

"We talk about a slowdown in the renewable energy sector, but that is mainly in the OECD (Organisation for [Economic Cooperation](#) and

Development) countries," said Mohamed El-Ashry, Chairman of REN21 policy-network organisation.

Chinese Premier Wen Jiabao, addressing the WFES on Monday, boasted that his energy-hungry nation has "become the world's fastest-growing region in wind and solar power."

China also ranks first in global hydropower generation, Wen said.

Adnan Amin, the head of Abu Dhabi-based International Renewable Energy Agency (IRENA), said that despite declines in public investment, private investment was still fueling the renewable sector.

"Despite a [global economic slowdown](#), investment in [renewable energy](#) has grown worldwide," he said, adding that 90 percent of current investment is coming from private sources.

"What is needed is an enabling framework and that is the role of governments," Amin said.

More than 26,000 people are attending the four-day WEFS conference and exhibition which displays top clean energy technologies, according to organisers.

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